



## Virginia's Tobacco Region Tourism Development Loan Program

The Virginia Tourism Corporation, the Virginia Tobacco Commission, and the Virginia Small Business Financing Authority have partnered to create the **Tourism Development Loan Program (TDLP)**. This program is administered by staff of the Department of Business Assistance and funded through the Virginia Small Business Financing Authority (VSBFA). The TDLP was designed to assist tourism-related businesses and non-profits obtain debt capital to facilitate the financing of tourism projects in Virginia's "tobacco regions". Three of the primary goals of this financing assistance program are 1) the attraction of private capital investment, 2) the creation and attraction of higher-skilled, higher-wage jobs, and 3) increased tax revenues in the communities. Tourism development will capitalize on some of the region's competitive strengths and natural resources.

### **Eligible Borrowers:**

#### **Businesses engaged in:**

- Destination tourism in Virginia, such as historic, heritage, cultural, sporting, amusement, and nature destinations.
- Outdoor recreation.
- Wine industry.
- Hospitality industry associated with tourism events and locales
- Rails to trails initiatives.
- Community related cultural and historic festivities and celebrations.
- Partnerships (public/private) formed to optimize the resources of the community, such as local or state-owned parks, theaters, trails, caverns, historic buildings.
- Developing and marking travel packages for the purpose of bringing overnight visitors into Virginia's "tobacco region" to enjoy the destinations and events of the communities.
- Economic and Industrial Development Authorities and other Authorities empowered by the Code of Virginia to make loans for economic development purposes.

### **Direct Loans (for fixed asset or permanent working capital financing):**

Loans from the TDLP for up to 75% of project costs, or \$500,000, whichever is less; and for larger projects, up to 40% of a project's costs or \$1,000,000, whichever is less. The maximum amount of funding for permanent working capital is \$250,000. Minimum loan amount is \$25,000.

**Terms:** Fixed assets - generally the loan will be amortized over the life of the assets to be purchased with up to a 7-year maturity. Permanent working capital - maximum maturity of 3 years.

**Interest rate and fees:** Fixed rate tied to "like-treasuries" plus a spread based upon risk profile. \$500 application fee.

### **Guaranties (for any type of financing need, including short-term working capital financing):**

Deficiency guaranty for the lesser of \$500,000 or 75% of a bank loan or line of credit. Applicants go to a bank to make application. The bank applies to the VSBFA for a guaranty.

**Terms:** Maximum of 36 months for guaranty coverage.

**Interest rate and fees:** Interest rates are set by the participating bank. Guaranty fee of 1.5% of the guaranteed amount, \$200 application fee.

***The refinancing of existing debt is not an eligible use for loans or guaranties.***

### **To qualify for assistance under the *Tourism Development Loan Program*, the applicant business must:**

- Have \$10 million or less in annual revenues over each of the last three years; **or** have a net worth of \$2 million or less; or have fewer than 250 employees.
- Create or save permanent full-time jobs, or job equivalents, which pay a minimum of \$8.00 per hour;
- Provide a first lien on the assets purchased with the loan proceeds; however, a subordinate lien position will be considered if this loan is made in partnership with a private financial institution.
- Have **cash** equity – the amount depends upon the transaction and the underlying credit issues, but must be **at least** 10% for profitable existing business and **at least** 20% for start-ups.

Completed applications will be reviewed by the VSBFA staff and the VTC; and recommendations will be made to VSBFA's Board of Directors at their next monthly meeting. Credit decisions will be based on the company's creditworthiness, ability to repay the loan, collateral offered to secure the loan, and the economic benefit to the Commonwealth.

For additional information and application materials, contact the Financial Services Division of the Department of Business Assistance via the website; [www.dba.state.va.us/financing](http://www.dba.state.va.us/financing) or call toll-free at 1-866-248-8814.

Virginia Small Business Financing Authority  
707 East Main Street, Suite 300  
Richmond, VA 23219